



FactSheet

Tax Payer Relief Act of 2012; Energy Efficiency Provisions

On January 3, 2013, the *American Taxpayer Relief Act of 2012 (H.R. 8)* was passed. The tax benefits for energy measures were implemented immediately. Details of those energy efficiency measures are identified in Title IV of The Act and as follows:

Title IV - Energy Tax Extenders

Sec. 401. Extension of credit for energy-efficient existing homes

This provides a 10-percent credit for the purchase of qualified energy efficiency improvements to existing homes. The energy-efficiency home products are retroactive for 2012 and must be "placed in service" before December 31st, 2013.

Under section 25C, the maximum credit for a taxpayer for all taxable years is \$500, and no more than \$200 of such credit may be attributable to expenditures on windows. This rule means that taxpayers who have claimed \$500 or more of this tax credit in prior years, particularly 2009 and 2010, can no longer participate in the program.

Eligible measures are:

- Added **insulation** to walls, ceilings, or other part of the building envelope that meets the 2009 IECC (& supplements) specifications.
- Replacement **windows and skylights**, and **exterior doors**
 - Which are equal to or below a 0.30 U factor and a Solar Heat Gain Coefficient (SHGC) of 0.30. **Storm windows** that meet the IECC in combination with their paired external window are eligible (taking into account the applicable climate zone). **Storm doors** paired with U-factor rated wood doors are eligible provided they do not exceed the default U-factor requirement for the combination. See the 2009 IECC for details.
 - Which meet ENERGYSTAR ® guidelines. The credit covers 10% of the material cost, up to \$200.
- **Window films** certified by the manufacturer that the product meets the requirements of a "qualifying insulation system."

- **Sealing** cracks in the building shell and ducts to reduce infiltration and heat loss-these should be sealed so as to be consistent with the 2009 IECC.
- **Pigmented metal roofs**, or an **asphalt roof with cooling granules** must meet Energy Star requirements.
- An **electric heat pump water heater** which yields an energy factor of at least 2.0 in the standard Department of Energy test procedure,
- **Natural gas & propane furnaces** must meet an Annual Fuel Use Efficiency (AFUE) 95 or higher, oil furnaces and gas, oil and propane boilers must meet an AFUE of 90 or better. The credit covers costs up to \$150
- **Central air conditioning units and air-source heat pumps** must meet the highest tier standards set by the Consortium for Energy Efficiency (CEE) as of February 17, 2009, which in most cases requires a Seasonal Energy Efficiency Ratio (SEER) of 16. SEER measures performance throughout the cooling season. The credit covers costs up to \$300
- A **natural gas, propane, or oil water heater** which has an energy factor of at least 0.82 or thermal efficiency of at least 90 percent, and
- A **biomass fuel property**, which is a stove that burns biomass fuel to heat a dwelling unit located in the United States and used as a principal residence by the taxpayer, or to heat water for such dwelling unit, and that has a thermal efficiency rating of at least 75 percent.

Sec. 408. Extension of credit for energy-efficient new homes

A credit of \$2000 is available to home builders who build homes (including both site-built and manufactured homes) projected to save at least 50% of the heating and cooling energy of a comparable home that meets the standards of the 2006 International Energy Conservation Code. A \$1000 credit is available to manufactured home producers for models that save 30% or that qualify for the federal Energy Star Homes program. These credits are available for buildings or systems placed in service before December 31, 2013.

Sec. 17D Credit for energy efficient commercial buildings (Ongoing from the Energy Policy Act of 2005)

A tax deduction of up to \$1.80 per square foot is available to owners or designers of new or existing commercial buildings that save at least 50% of the heating and cooling energy of a building that meets ASHRAE Standard 90.1-2001. Partial deductions of up to \$.60 per square foot can be taken for measures affecting any one of three building systems: the building envelope, lighting, or heating and cooling systems. These tax deductions are available for systems placed in service from January 1, 2006 through December 31, 2013.